

Message Text

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72

ACTION EB-11

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 9189

AMCONSUL CURACAO

AMEMBASSY LONDON

INFO PANCANAL

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EO 11652: N/A

TAGS: ENRG, ETRN, PQ, PN, UK

SUBJ: REFUSAL OF BUNKERING FOR SHIP UNDER CHARTER

TO US COMPANY - SS ST PROVIDENCE

REF: (A) STATE 232729; (B) STATE 219469

SUMMARY SHELL PANAMA REFUSED BUNKERING TO SUBJECT SHIP
BECAUSE AUTHORIZATION NOT RECEIVED FROM LONDON HOME OFFICE
WHICH CONTROLS SUCH DELIVERIES GLOBALLY. OTHER MAJOR OIL
COMPANIES ADOPTED SIMILAR CENTRAL CONTROL AFTER ARAB OIL
PRODUCERS RESTRICTED DELIVERIES LAST MONTH. OWNERSHIP OF
BUNKER FUELS RESTS WITH OIL COMPANIES, NOT WITH PANCANAL
COMPANY WHICH OWNS, OPERATES DELIVERY FACILITIES. COOK
INDUSTRIES SHOULD THEREFORE CONSIDER DIRECTING REQUEST TO HOME
OFFICES OF OIL COMPANIES LONDON AND NEW YORK, WHERE DECISION
ULTIMATELY MADE. FIFTY PERCENT INCREASE IN BUNKERING IN
RECENT MONTHS MAKES CANAL TERMINALS SECOND LARGEST SUCH
FACILITY IN WORLD. OIL COMPANIES ARE HUSBANDING FUEL
STOCKS IN ANTICIPATION OF MORE CRITICAL SUPPLY SITUATION.

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THEY AND PANCANAL ALERT TO POSSIBILITY THEY COULD BECOME

TARGETS FOR UNWARRANTED CHARGES OF DISCRIMINATION IN DISPENSING
FUELS IF EXCESSIVE DEMANDS PLACED ON SUPPLIES HERE. END SUMMARY

1. EMBASSY OBTAINED FOLLOWING CLARIFICATION FROM LOCAL SHELL OFFICE. THE SHELL PETROLEUM COMPANY (UK) HAS INSTITUTED CENTRALIZED CONTROL IN LONDON OF PROCUREMENT, TANKER FLEETS AND BUNKERING SERVICES TO ENSURE OPTIMUM USE OF LIMITED FUEL SUPPLIES AND DISTRIBUTION FACILITIES. THIS NECESSITATED BY STRINGENT SUPPLY SITUATION RESULTING FROM REDUCED SHIPMENTS FROM ARAB PRODUCING COUNTRIES AND BY ITS CONTRACT COMMITMENTS TO SUPPLY REGULAR CUSTOMERS. THUS, SHELL PANAMA AND ITS OUTLET, ANDERS & COMPANY, IN CRISTOBAL CAN ONLY BUNKER SHIPS UPON RECEIPT OF INSTRUCTIONS FROM SHELL IN LONDON, IN ABSENCE OF WHICH IT TURNED DOWN SS ST. PROVIDENCE REQUEST NOVEMBER 26. NEITHER HAVE INSTRUCTIONS TO MEET ANY REQUEST OUT OF SHELL HOUSTON. SHELL STOCKS IN CRISTOBAL ADEQUATE ONLY TO MEET KNOWN COMMITMENTS, PRIMARILY WITH REGULAR CUSTOMERS.

2. C. FERNIE & COMPANY, AGENT FOR SS ST. PROVIDENCE, HAS CABLED SHELL LONDON AND HOME OFFICES OF OTHER POSSIBLE SUPPLIERS AND IS AWAITING RESPONSES.

3. BUNKER FUEL SUPPLIES FOR SHIPS CALLING AT PANAMA CANAL TERMINALS CRISTOBAL AND BALBOA ARE MAINTAINED ALSO BY TEXACO, ESSO, MOBIL, CHEVRON AND GULF. UNITED BRANDS HAS FUEL STOCKS FOR ITS OWN SHIPS. OWNERSHIP OF THESE SUPPLIES RESIDES WITH THESE COMPANIES, ALL OF WHICH REPORTEDLY ARE NOW CAREFULLY COORDINATING TANKER SHIPMENTS AND BUNKER DELIVERIES ON A GLOBAL BASIS OUT OF NEW YORK HOME OFFICES. ACCORDING TO SOURCES HERE, ALL ARE RELUCTANT TO SERVICE OTHER THAN REGULAR CUSTOMERS, IN ANTICIPATION OF WORSENING SUPPLY SITUATION. COOK INDUSTRIES MIGHT THEREFORE WISH TO CONTACT NEW YORK HEADQUARTERS OF THESE COMPANIES (OR SHELL LONDON), WHERE DECISION ULTIMATELY MUST BE MADE.

4. SUBJECT DISCUSSED WITH PANCANAL, WHICH SYMPATHETIC. IN SUCH CASES IT NORMALLY WORKS CLOSELY WITH OIL COMPANIES TO PROVIDE BEST POSSIBLE SERVICE AND IS WILLING DO SO IN THIS CASE UNDER CIRCUMSTANCES. BUT CANAL COMPANY ONLY OWNS LIMITED OFFICIAL USE

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STORAGE AND DELIVERY SYSTEM AND CAN NOT RPT NOT ASSUME ROLE OF ARBITER OF DELIVERIES OF COMPANIES' SCARCE STOCKS OR SACRIFICE ITS OWN LIMITED SUPPLIES WHICH ESSENTIAL FOR CANAL OPERATIONS. BUNKERING AT CANAL TERMINALS HAS INCREASED FROM 30,000 TO 45,000 BARRELS PER DAY RECENTLY, BOOSTING IT FROM THIRD TO SECOND LARGEST BUNKER FACILITY IN WORLD. CANAL COMPANY WISHES AVOID PRECEDENT WHICH WOULD PUT FURTHER DEMANDS ON ITS SYSTEM. IT AND LOCAL OIL COMPANIES AWARE

OF IMPLICATIONS FOR THEMSELVES AS POSSIBLE TARGETS FOR
ALLEGATIONS OF DISCRIMINATION IN DISPENSING FUEL SUPPLIES.
THEY ARE ATTEMPTING TO HANDLE BUNKERING REQUESTS IN SUCH A
WAY AS TO AVOID SUCH CHARGES. WE WILL BE GUIDED BY REF B
IN EVENT SUCH PROBLEM ARISES.

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